

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING
(PROPOSAL NINE)

Docket No. RM2015-2

**STATUS REPORT OF THE UNITED STATES POSTAL SERVICE REGARDING
MATTERS RAISED AT THE RECENT PROPOSAL NINE TECHNICAL MEETING**
(April 17, 2015)

In accordance with Order No. 2425 (April 6, 2015), a technical meeting open to the public concerning Proposal Nine (Docket No. RM2015-2) was held at the Commission on Tuesday, April 14, 2015. The Postal Service hereby provides the following status report on matters raised at the meeting.

The primary purpose of Proposal Nine is to utilize data from the Time and Attendance Collection System (TACS) to decompose city carrier accrued costs into office costs (cost segment 6) and street costs (cost segment 7), replacing the current methodology that uses the In-Office Cost System (IOCS). This seemingly simple method change, however, leads to numerous complications, including the treatment of 1) loading/unloading vehicle costs, 2) training costs, and 3) general support costs.

Following the submission of Proposal Nine on October 31, 2014, a variety of theoretical and mechanical issues have been raised, mainly through inquiries and further analysis done by the Commission. These developments have revealed that this method change, while very simple at the twenty-thousand foot level, entails several details that have resulted in the need for the Postal Service to further refine Proposal

Nine. Explanation of those refinements has come through responses to Chairman Information Requests (ChIRs).

The Postal Service was able to directly address many of the Commission's concerns regarding these refinements at the technical conference. However, lingering issues call for the Postal Service to complete the following three tasks: 1) refiling the CS06&7 workbook, incorporating all aspects of Proposal Nine, including all refinements proffered by the Postal Service since the original filing; 2) relabeling and clarifying numerous headers throughout the CS06&7 workbook to make the attribution and assignment of support costs more transparent; and 3) recalculating the figures provided by the Commission in tables 1 through 4 of ChIR No. 3, Question 1 to reflect the refinement suggested by the Postal Service in its response.

The Postal Service tentatively believes that these three tasks can be completed by Friday, May 8, 2015, and intends to submit responsive materials by that date.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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